

**OSKALOOSA COMMUNITY SCHOOL DISTRICT**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2011**



## Table of Contents

---

	<u>Page</u>
Board of Education and School District Officials	2
Independent Auditor's Report	3-4
Management's Discussion and Analysis (MD&A)	5-13
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Assets	A 15
Statement of Activities	B 16-17
Governmental Fund Financial Statements:	
Balance Sheet	C 18
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D 19
Statement of Revenues, Expenditures and Changes in Fund Balances	E 20
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances - Governmental Funds To the Statement of Activities	F 21
Proprietary Fund Financial Statements:	
Statement of Net Assets	G 22
Statement of Revenues, Expenses and Changes in Fund Net Assets	H 23
Statement of Cash Flows	I 24
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Assets	J 25
Statement of Changes in Fiduciary Net Assets	K 26
Notes to Financial Statements	27-40
Required Supplementary Information:	
Schedule of Funding Progress for the Retiree Health Plan	42
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund	43
Notes to Required Supplementary Information - Budgetary Reporting	44
Other Supplementary Information:	<u>Schedule/Statement</u>
Non-Major Governmental Funds:	
Combining Balance Sheet	1 46
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2 47
Capital Projects Accounts:	
Combining Balance Sheet	3 48
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4 49
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5 50-52
Proprietary Funds:	
Combining Statement of Net Assets	6 53
Combining Statement of Revenues, Expenses and Changes in Net Assets	7 54
Combining Statement of Cash Flows	8 55
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	9 56
Schedule of Expenditures of Federal Awards	10 57
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59-60
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	61-62
Schedule of Findings and Questioned Costs	63-65

**Oskaloosa Community School District  
Board of Education and School District Officials  
Year ended June 30, 2011**

---

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Don Patterson	President	2011
Lin Yoder	Vice President	2013
Jon Denniston	Board Member	2011
John Grahek	Board Member	2011
Laurie Palmer	Board Member	2011
Susan Boxler	Board Member	2013
Anne Whitis	Board Member	2013
<b>School District Officials</b>		
Russell Reiter	Superintendent	2011
Chad Vink	District Secretary/Treasurer	2011
Greg Life	Attorney	Indefinite
Jim Hanks	Attorney	Indefinite



705 Main Street

Pella, IA 50219

641-628-3737

[www.vanmaanencpa.com](http://www.vanmaanencpa.com)

**Van Maanen, Sietstra & Meyer, PC**

CERTIFIED PUBLIC ACCOUNTANTS

## **Independent Auditor's Report**

To the Board of Education  
Oskaloosa Community School District  
Oskaloosa, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Oskaloosa Community School District, Oskaloosa, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Oskaloosa Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2012 on our consideration of Oskaloosa Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Schedule of Funding Progress for the Retiree Health Plan, and Budgetary Comparison Information on pages 5 through 13 and 42 through 44 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oskaloosa Community School District's basic financial statements. Another CPA firm previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ending June 30, 2005 and we audited the financial statements for the five years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Van Maanen, Sietstra & Meyer, PC*

Van Maanen, Sietstra & Meyer, PC  
Certified Public Accountants

March 27, 2012

This section of the Oskaloosa Community School District's comprehensive annual financial report presents the discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2011. This analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The Oskaloosa Community School District implemented new reporting standards for the 2003 fiscal year that involved significant changes in content and structure of the reports. Because of this change, the current reports can be more easily compared to the prior years.

### **FINANCIAL HIGHLIGHTS**

The District has now fully completed all of the major construction, renovation, and repair projects planned for the period from 2000-2007. To finance these projects, the District issued capital loan notes in the amount of \$2,530,000 in 2002-2003, Local Option Sales and Services Tax Revenue Bonds totaling \$5,760,000 in 2002-2003, Local Option Sales Tax Bonds in the amount of \$13,140,000 in 2003-2004, and Local Option Sales Tax Bonds in the amount of \$1,910,000 in 2005. Bonds associated with the School Infrastructure Local Option Sales Tax were refinanced in 2008 and the bonds associated with the Local Option Sales and Services Tax for the City of Oskaloosa and Mahaska County were refinanced in 2011. The details of the District's long-term debt are detailed in the Notes to Financial Statements. Revenues in excess of the projected requirements and the statutory change from School Infrastructure Local Option Sales Taxes to a statewide Secure an Advance Vision for Education Fund sales tax have made repayments on all bonds predictable.

General Fund revenues increased from \$21,751,852 in fiscal year 2010 to \$24,436,955 in 2011, while General Fund expenditures increased from \$21,925,632 in 2010 to \$23,251,768 in fiscal year 2011. This resulted in an increase in the District's General Fund fund balance from (\$462,328) in fiscal year 2010 to \$730,543 in 2011, a increase of \$1,192,871.

The increase in revenues occurred due to a recouping of lost State Aid resulting from an across-the-board budget cut of 10% executed by the Governor in October of 2009. The increase in expenditures was attributable to negotiated wage and benefit increases, the increased cost of providing transportation services, and the start-up costs of the District changing its Operations management.

Interest income on investments for the General Fund for the last five fiscal years has been as follows: 2007 – \$82,194; 2008 – \$174,732; 2009 – \$117,793; 2010 – \$63,379; and 2011 – \$13,327.

## OVERVIEW OF FINANCIAL STATEMENTS

This report consists of four parts: Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District by reporting the District's operations in more detail than the government-wide statements.

The governmental funds statements explain how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

Proprietary funds statements offer short-term and long-term financial information about activities the District operates like businesses, such as Food Service.

Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this annual financial report are arranged and relate to one another.

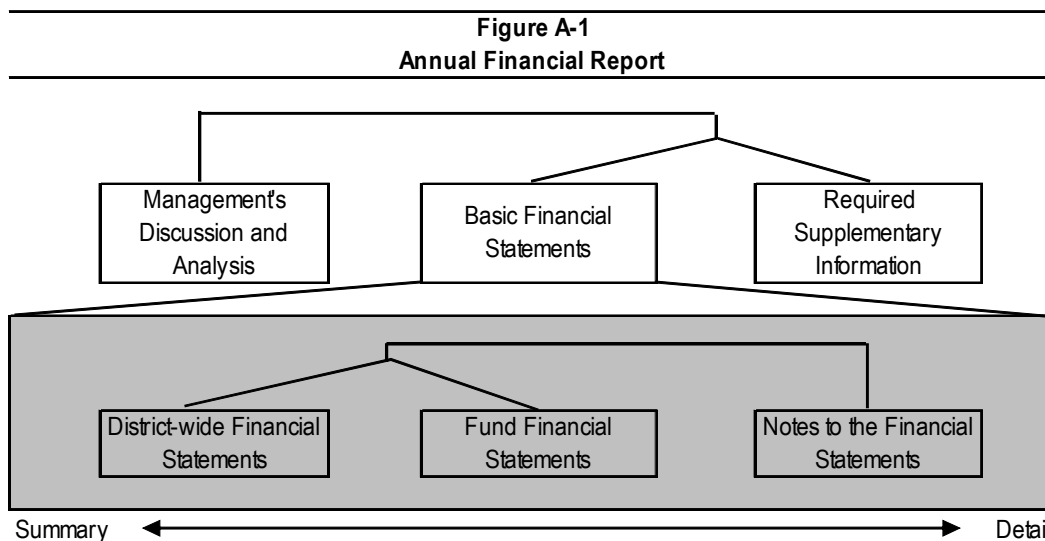




Figure A-2 summarizes the major features of the District-wide and Fund Financial Statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the Management's Discussion and Analysis highlights the structure and contents of each of the statements.

<b>Figure A-2</b>				
<b>Major Features of the District-wide and Fund Financial Statements</b>				
	District-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as the special education and building maintenance	Activities the district operates similar to private businesses: food services and student construction	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	* Statement of net assets * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net assets * Statement of revenues, expenses and changes in net assets * Statement of cash flows	* Statement of fiduciary net assets * Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year; or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively.

To assess the District's overall health, additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

*Governmental Activities:* Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State Aid finance most of these activities.

*Business-type Activities:* The District charges fees to help cover the costs of certain services it provides. The District's nutrition program would be included here.

## **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds. Funds are accounting devices that districts use to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law or by bond covenants.

The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

*Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund.

*Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. These funds are reported in the same way as the government-wide statements.

The Nutrition Fund and Student Construction Fund are the only proprietary funds that the District maintains.

*Fiduciary funds:* The District is the trustee or fiduciary for the assets that belong to others such as scholarship funds.

The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Comparative condensed financial statements are presented in Figure A-3.

<p align="center"><b>Figure A-3</b>  <b>Condensed Statement of Net Assets</b>  <b>(Expressed in Thousands)</b></p>							
	<b>Governmental Activities</b>		<b>Business type Activities</b>		<b>Total District</b>		<b>Total Change</b>
	<b>June 30,</b>		<b>June 30,</b>		<b>June 30,</b>		<b>June 30,</b>
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2010-2011</b>
Current and other assets	\$ 15,702	15,299	182	140	15,884	15,439	2.9%
Capital assets	28,287	29,310	149	177	28,436	29,487	-3.6%
Total assets	43,989	44,609	331	317	44,320	44,926	-1.3%
Long-term liabilities	7,984	11,505	9	4	7,993	11,509	-30.6%
Other liabilities	12,069	12,052	124	159	12,193	12,211	-0.1%
Total liabilities	20,053	23,557	133	163	20,186	23,720	-14.9%
Net assets:							
Invested in capital assets, net of related debt	22,109	21,411	149	177	22,258	21,588	3.1%
Restricted	1,769	839	-	-	1,769	839	110.8%
Unrestricted	58	(1,198)	49	(23)	107	(1,221)	-108.8%
Total net assets	\$ 23,936	21,052	198	154	24,134	21,206	13.8%

**Oskaloosa Community School District  
Management's Discussion and Analysis  
Year ended June 30, 2011**

Figure A-4 shows the change in net assets for the year ended June 30, 2011.

<b>Figure A-4 Changes in Net Assets (Expressed in Thousands)</b>							
	<b>Governmental Activities</b>		<b>Business type Activities</b>		<b>Total District</b>		<b>Total Change</b>
	<b>Year ended June 30,</b>		<b>Year ended June 30,</b>		<b>Year ended June 30,</b>		<b>June 30,</b>
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2010-2011</b>
Revenues:							
Program revenues:							
Charges for service	\$ 1,155	969	600	596	1,755	1,565	12.1%
Operating grants, contributions and restricted interest	4,569	5,147	623	569	5,192	5,716	-9.2%
General revenues:							
Property tax	9,158	8,449	-	-	9,158	8,449	8.4%
Statewide sales, services and use tax	3,020	2,809	-	-	3,020	2,809	7.5%
Unrestricted state grants	10,365	8,417	-	-	10,365	8,417	23.1%
Unrestricted investment earnings	24	106	-	-	24	106	-77.4%
Other	608	291	-	-	608	291	108.9%
Total revenues	28,899	26,188	1,223	1,165	30,122	27,353	10.1%
Program expenses:							
Governmental activities:							
Instruction	15,834	15,048	127	94	15,961	15,142	5.4%
Support services	7,953	7,476	41	70	7,994	7,546	5.9%
Non-instructional programs	-	-	-	992	-	992	-100.0%
Other expenses	2,228	2,216	1,011	-	3,239	2,216	46.2%
Total expenses	26,015	24,740	1,179	1,156	27,194	25,896	5.0%
Change in net assets	\$ 2,884	1,448	44	9	2,928	1,457	101.0%

**Governmental Activities**

The revenues and other financing sources for governmental activities were \$28,898,816 and expenses were \$26,014,624.

Figure A-5 presents the total and net cost of the District's major governmental activities: instruction, support services, and other expenses.

<b>Figure A-5 Total and Net Cost of Governmental Activities (Expressed in Thousands)</b>						
	<b>Total Cost of Services</b>		<b>Change</b>	<b>Net Cost of Services</b>		<b>Change</b>
	<b>2011</b>	<b>2010</b>	<b>2010-2011</b>	<b>2011</b>	<b>2010</b>	<b>2010-2011</b>
Instruction	\$ 15,834	15,048	5.2%	11,135	9,914	12.3%
Support services	7,953	7,476	6.4%	7,912	7,448	6.2%
Other expenses	2,228	2,216	0.5%	1,244	1,262	-1.4%
Totals	\$ 26,015	24,740	5.2%	20,291	18,624	9.0%

**Oskaloosa Community School District  
Management's Discussion and Analysis  
Year ended June 30, 2011**

---

- Federal and state governments subsidized certain programs with grants and contributions totaling \$4,569,201.
- The net cost of governmental activities was financed with \$9,158,228 in local property tax, \$3,019,998 in statewide sales, services, and use taxes, \$10,364,993 in unrestricted state grants, and \$24,064 on investment earnings.
- The revenues and expenses for the District's governmental activities increased due to property taxes being levied to recoup for lower unrestricted State grants in previous years. The financial strength of the District is improving and stable, with higher revenues and lower bond payments, causing a 2.1% General Fund solvency ratio.

**Business Type Activities**

Revenues of the District's business type activities were \$1,222,633 and expenses were \$1,179,619. The Nutrition Fund comprises the primary business-type activity for the District. Revenues included \$599,706 in charges for services, \$622,628 in state and federal grants, and \$299 in interest on investments.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As previously noted, the Oskaloosa Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District's Governmental Fund balances increased a total of \$361,645 over the previous fiscal year. The individual fund balance changes were as follows:

	Beginning Balance	Increase (Decrease)	Ending Balance
General Fund	\$ (462,328)	1,192,871	730,543
Capital Projects	3,474,299	(897,345)	2,576,954
Non-major Funds	296,907	66,119	363,026

The total receipts for governmental funds were greater than disbursements due to increased property tax revenues levied to recoup previous revenue losses. Budgeted revenues were both less and more than actual revenues due to the sudden change in funding at the State level during the fiscal year, as well as the use of Federal sources to compensate for the loss of State sources, which was not anticipated at the time of budget certification. Actual expenditures did not exceed budgetary amounts during the fiscal year, except for Other Expenditures, which exceeded budgetary amounts due to bond refinancing.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. This is referred to as the certified budget. It may be amended during the year using similar statutorily prescribed procedures. The District's certified budget is prepared on a cash basis in accordance with generally accepted accounting principles. During the 2011 fiscal year, the District amended expenditures in the Support Services and Other Expenditures categories.

## CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the 2011 fiscal year, the District had invested in a broad range of capital assets including land, buildings, athletic facilities, computers, audio-visual equipment, and transportation equipment.

Figure A-6 shows total investment in capital assets net of accumulated depreciation.

<b>Figure A-6</b> <b>Capital Assets, net of Depreciation</b> <b>(Expressed in Thousands)</b>							
	<b>Governmental Activities</b>		<b>Business type Activities</b>		<b>Total District</b>		<b>Total Change</b>
	<b>June 30,</b>		<b>June 30,</b>		<b>June 30,</b>		<b>June 30,</b>
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2010-2011</b>
Land	\$ 360	360	-	-	360	360	0.0%
Buildings	26,210	26,814	-	-	26,210	26,814	-2.3%
Improvements other than buildings	5	9	-	-	5	9	-44.4%
Furniture and equipment	1,712	2,127	149	177	1,861	2,304	-19.2%
Totals	<u>\$ 28,287</u>	<u>29,310</u>	<u>149</u>	<u>177</u>	<u>28,436</u>	<u>29,487</u>	<u>-3.6%</u>

### Long-Term Debt

Figure A-7 outlines the composition of the total long-term debt amount of \$7,984,036 for the District as of June 30, 2011.

During fiscal year 2002, the District's voters approved the issuance of local option sales and services tax revenue bonds not to exceed \$20,000,000.

<b>Figure A-7</b> <b>Outstanding Long-Term Obligations</b> <b>(Expressed in Thousands)</b>			
	<b>Total District</b>		<b>Total Change</b>
	<b>June 30,</b>		<b>June 30,</b>
	<b>2011</b>	<b>2010</b>	<b>2010-2011</b>
Revenue bonds payable	6,665	9,895	-32.6%
Unamortized bond premium	26	-	0.0%
Capital notes payable	990	1,040	-4.8%
Lease purchase agreement	9	258	-96.5%
Early retirement	91	209	-56.5%
Compensated absences	56	49	14.3%
Other post employment benefits	147	54	172.2%
Totals	<u>\$ 7,984</u>	<u>11,505</u>	<u>-30.6%</u>

### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

A substantial part of the general fund revenues are determined by the Aid and Levy Worksheet that utilizes the District's certified enrollment to establish the Combined District Cost. The Certified Enrollment determined in October of 2011 indicated that funding related to enrollment will remain at its current level. The District's Administration will continue to monitor student enrollment as it relates to the state and federal funding generated.

A substantial part of General Fund expenditures are wages and benefits. A majority of the district's employees are covered by State-mandated collective bargaining agreements. The final step in the negotiation process is binding arbitration. If the negotiation process progresses to this level, the outcome may produce wages and benefits in excess of available funding. If this happens, the Board of Directors will be forced to reduce the expenditure budget with cuts in staff.

### **CONTACTS**

For information regarding this report, contact Chad M. Vink, Board Secretary, Oskaloosa Community School District, 1800 North 3<sup>rd</sup> Street, Oskaloosa, Iowa 52757; Telephone 641-673-8345.

## **Basic Financial Statements**



**Oskaloosa Community School District**  
**Statement of Net Assets**  
**June 30, 2011**

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 5,301,859	168,173	5,470,032
Receivables:			
Property tax:			
Delinquent	78,331	-	78,331
Succeeding year	9,152,988	-	9,152,988
Accounts	525,435	252	525,687
Due from other funds	111,911	-	111,911
Due from other governments	531,648	-	531,648
Inventories	-	14,050	14,050
Capital assets, net of accumulated depreciation	28,286,896	148,584	28,435,480
<b>Total assets</b>	<b>43,989,068</b>	<b>331,059</b>	<b>44,320,127</b>
<b>Liabilities</b>			
Excess of warrants over bank balance	6,616	-	6,616
Accounts payable	361,945	827	362,772
Salaries and benefits payable	2,128,367	-	2,128,367
Due to other funds	-	111,911	111,911
Accrued interest payable	65,658	-	65,658
Unearned revenue:			
Succeeding year property tax	9,152,988	-	9,152,988
Other	353,379	11,118	364,497
Long-term liabilities:			
Portion due within one year:			
Obligations under capital lease	4,326	-	4,326
Revenue bonds	2,205,000	-	2,205,000
Capital loan notes	320,000	-	320,000
Early retirement	28,354	-	28,354
Compensated absences	56,542	-	56,542
Portion due after one year:			
Obligations under capital lease	4,327	-	4,327
Revenue bonds	4,460,000	-	4,460,000
Bond premium liability, net of accumulated amortization	25,822	-	25,822
Capital loan notes	670,000	-	670,000
Early retirement	63,082	-	63,082
Net OPEB liability	146,583	9,417	156,000
<b>Total liabilities</b>	<b>20,052,989</b>	<b>133,273</b>	<b>20,186,262</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	22,109,263	148,584	22,257,847
Restricted for:			
Categorical funding	215,248	-	215,248
Student activities	409,521	-	409,521
Debt service	1,144,085	-	1,144,085
Unrestricted	57,962	49,202	107,164
<b>Total net assets</b>	<b>\$ 23,936,079</b>	<b>197,786</b>	<b>24,133,865</b>

See notes to financial statements.

**Oskaloosa Community School District**  
**Statement of Activities**  
**Year ended June 30, 2011**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business type Activities	
<b>Functions/Programs</b>						
Governmental activities:						
Instruction:						
Regular	\$ 11,208,976	391,821	2,451,723	(8,365,432)	-	(8,365,432)
Special	3,665,389	176,289	1,059,336	(2,429,764)	-	(2,429,764)
Other	959,376	581,839	37,513	(340,024)	-	(340,024)
	15,833,741	1,149,949	3,548,572	(11,135,220)	-	(11,135,220)
Support Services:						
Student	995,446	-	-	(995,446)	-	(995,446)
Instructional staff	914,712	-	-	(914,712)	-	(914,712)
Administration	2,199,095	-	-	(2,199,095)	-	(2,199,095)
Operation and maintenance of plant	2,700,704	-	-	(2,700,704)	-	(2,700,704)
Transportation	1,142,568	4,634	36,430	(1,101,504)	-	(1,101,504)
	7,952,525	4,634	36,430	(7,911,461)	-	(7,911,461)
Other expenditures:						
Facilities acquisition	318,681	-	-	(318,681)	-	(318,681)
Long-term debt interest	318,032	-	-	(318,032)	-	(318,032)
AEA flowthrough	984,199	-	984,199	-	-	-
Depreciation (unallocated)*	607,446	-	-	(607,446)	-	(607,446)
	2,228,358	-	984,199	(1,244,159)	-	(1,244,159)
Total governmental activities	26,014,624	1,154,583	4,569,201	(20,290,840)	-	(20,290,840)
Business type activities:						
Instructional programs:						
Student construction operations	126,969	164,925	-	-	37,956	37,956
Support services:						
Student construction operations	18,606	-	-	-	(18,606)	(18,606)
Food service operations	23,204	-	-	-	(23,204)	(23,204)
Non-instructional programs:						
Food service operations	1,010,840	434,781	622,628	-	46,569	46,569
Total business type activities	1,179,619	599,706	622,628	-	42,715	42,715
Total primary government	\$ 27,194,243	1,754,289	5,191,829	(20,290,840)	42,715	(20,248,125)

**Oskaloosa Community School District**  
**Statement of Activities**  
**Year ended June 30, 2011**

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business type Activities	Total
	Expenses	Charges for Service			
General Revenues:					
Property tax levied for:					
General purposes			8,628,177	-	8,628,177
Capital outlay			530,051	-	530,051
Statewide sales, services and use tax			3,019,998	-	3,019,998
Unrestricted state grants			10,364,993	-	10,364,993
Unrestricted investment earnings			24,064	299	24,363
Other			578,261	-	578,261
Contributions not restricted to specific programs			21,804	-	21,804
Gain on sale of assets			7,684	-	7,684
Total general revenues			23,175,032	299	23,175,331
Change in net assets			2,884,192	43,014	2,927,206
Net assets beginning of year, as restated			21,051,887	154,772	21,206,659
Net assets end of year			\$ 23,936,079	197,786	24,133,865

\* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

**Oskaloosa Community School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	General	Capital Projects	Debt Service	Non-major Governmental	Total
<b>Assets</b>					
Cash and pooled investments:					
Other	\$ 2,687,570	2,151,930	-	462,359	5,301,859
Receivables:					
Property tax:					
Delinquent	71,236	4,523	-	2,572	78,331
Succeeding year	8,154,649	548,339	-	450,000	9,152,988
Accounts	525,435	-	-	-	525,435
Due from other funds	193,473	-	-	-	193,473
Due from other governments	53,473	478,175	-	-	531,648
<b>Total assets</b>	<b>\$ 11,685,836</b>	<b>3,182,967</b>	<b>-</b>	<b>914,931</b>	<b>15,783,734</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Excess of warrants over bank balance	\$ -	6,616	-	-	6,616
Accounts payable	318,898	31,086	-	11,961	361,945
Salaries and benefits payable	2,128,367	-	-	-	2,128,367
Early retirement payable	-	-	-	28,354	28,354
Due to other funds	-	19,972	-	61,590	81,562
Deferred revenue:					
Succeeding year property tax	8,154,649	548,339	-	450,000	9,152,988
Other	353,379	-	-	-	353,379
Total liabilities	10,955,293	606,013	-	551,905	12,113,211
Fund balances:					
Restricted for:					
Categorical funding	215,248	-	-	-	215,248
Debt service	-	1,144,085	-	-	1,144,085
Management levy purposes	-	-	-	-	-
Student activities	-	-	-	409,521	409,521
School infrastructure	-	1,486,020	-	-	1,486,020
Physical plant and equipment	-	-	-	-	-
Unassigned	515,295	(53,151)	-	(46,495)	415,649
Total fund balances	730,543	2,576,954	-	363,026	3,670,523
<b>Total liabilities and fund balances</b>	<b>\$ 11,685,836</b>	<b>3,182,967</b>	<b>-</b>	<b>914,931</b>	<b>15,783,734</b>

See notes to financial statements.

Exhibit D

**Oskaloosa Community School District  
Reconciliation of the Balance Sheet  
Governmental Funds to the Statement of Net Assets  
June 30, 2011**

---

<b>Total fund balances of governmental funds (Exhibit C)</b>	<b>\$ 3,670,523</b>
--	---------------------

***Amounts reported for governmental activities in the  
statement of net assets are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	28,286,896
--	------------

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(65,658)
--	----------

Long-term liabilities, including bonds payable, unamortized bond premiums, lease obligations, capital loan notes, early retirement and compensated absences, and other post employment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(7,955,682)</u>
--	--------------------

<b>Net assets of governmental activities (Exhibit A)</b>	<b><u>\$ 23,936,079</u></b>
--	-----------------------------

See notes to financial statements.

## Exhibit E

**Oskaloosa Community School District**  
**Statement of Revenues, Expenditures and changes in Fund Balances**  
**Governmental Funds**  
**Year ended June 30, 2011**

	General	Capital Projects	Debt Service	Non-major Governmental	Total
Revenues:					
Local sources:					
Local tax	\$ 8,327,540	3,550,049	-	300,637	12,178,226
Tuition	455,341	-	-	-	455,341
Other	715,274	13,773	-	589,258	1,318,305
State sources	13,418,760	294	-	166	13,419,220
Federal sources	1,520,040	-	-	-	1,520,040
Total revenues	24,436,955	3,564,116	-	890,061	28,891,132
Expenditures:					
Current:					
Instruction:					
Regular	10,837,267	-	-	124,573	10,961,840
Special	3,563,746	-	-	-	3,563,746
Other	415,750	-	-	543,626	959,376
	14,816,763	-	-	668,199	15,484,962
Support services:					
Student	986,871	-	-	7,546	994,417
Instructional staff	909,277	-	-	1,320	910,597
Administration	2,039,938	99,821	-	11,323	2,151,082
Operation and maintenance of plant	2,529,793	13,600	-	112,716	2,656,109
Transportation	984,927	93,500	-	22,838	1,101,265
	7,450,806	206,921	-	155,743	7,813,470
Other expenditures:					
Facilities acquisition	-	318,681	-	-	318,681
Long-term debt:					
Principal	-	-	8,974,842	-	8,974,842
Interest and fiscal charges	-	-	433,766	-	433,766
AEA flowthrough	984,199	-	-	-	984,199
	984,199	318,681	9,408,608	-	10,711,488
Total expenditures	23,251,768	525,602	9,408,608	823,942	34,009,920
Excess (deficiency) of revenues over (under) expenditures	1,185,187	3,038,514	(9,408,608)	66,119	(5,118,788)
Other financing sources (uses):					
Sale of equipment	7,684	-	-	-	7,684
Revenue bonds issued	-	5,240,000	-	-	5,240,000
Bond premium	-	27,749	-	-	27,749
Capital loan proceeds	-	205,000	-	-	205,000
Operating transfers in	-	-	9,408,608	-	9,408,608
Operating transfers out	-	(9,408,608)	-	-	(9,408,608)
Total other financing sources (uses)	7,684	(3,935,859)	9,408,608	-	5,480,433
Net change in fund balances	1,192,871	(897,345)	-	66,119	361,645
Fund balances beginning of year, as restated	(462,328)	3,474,299	-	296,907	3,308,878
Fund balances end of year	\$ 730,543	2,576,954	-	363,026	3,670,523

See notes to financial statements.

Exhibit F

**Oskaloosa Community School District**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds to the Statement of Activities**  
**Year ended June 30, 2011**

---

**Net change in fund balances - total governmental funds (Exhibit E)** **\$ 361,645**

***Amounts reported for governmental activities in the statement of activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 101,409	
Depreciation expense	(1,124,662)	(1,023,253)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Revenue bond proceeds	(5,240,000)	
Bond principal repaid	8,470,000	
Bond premiums	(27,749)	
Amortization of bond premium	1,927	
Capital loan proceeds	(205,000)	
Capital loan principal repaid	255,000	
Capital lease payments	249,842	3,504,020

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

113,807

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement	28,054	
Compensated absences	(7,997)	
Other post employment benefits	(92,084)	
		(72,027)

**Change in net assets of governmental activities (Exhibit B)** **\$ 2,884,192**

See notes to financial statements.

Exhibit G

**Oskaloosa Community School District  
Statement of Net Assets  
Proprietary Funds  
June 30, 2011**

	Non-major Enterprise
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 168,173
Accounts receivable	252
Inventories	14,050
Capital assets, net of accumulated depreciation	148,584
<b>Total assets</b>	<b>331,059</b>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	827
Due to other funds	111,911
Deferred revenue	11,118
<b>Total current liabilities</b>	<b>123,856</b>
Noncurrent liabilities:	
Net OPEB liability	9,417
<b>Total liabilities</b>	<b>133,273</b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	148,584
Unrestricted	49,202
<b>Total net assets</b>	<b>\$ 197,786</b>

See notes to financial statements.



## Exhibit H

**Oskaloosa Community School District**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year ended June 30, 2011**

	Non-major Enterprise
Operating revenue:	
Local sources:	
Charges for services	\$ 599,706
Operating expenses:	
Instructional programs:	
Regular	126,969
Support services:	
Administration	4,361
Operation and maintenance of plant	37,449
	168,779
Non-instructional programs:	
Food service operations:	
Salaries	296,234
Benefits	132,770
Purchased services	668
Supplies	552,254
Depreciation	28,914
	1,010,840
Total operating expenses	1,179,619
Operating loss	(579,913)
Non-operating revenue:	
Local sources	299
State sources	9,324
Federal sources	613,304
Total non-operating revenue	622,927
Change in net assets	43,014
Net assets beginning of year	154,772
Net assets end of year	\$ 197,786

See notes to financial statements.

## Exhibit I

**Oskaloosa Community School District**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2011**

	Non-major Enterprise
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 433,489
Cash received from miscellaneous operating activities	164,925
Cash payments to employees for services	(423,088)
Cash payments to suppliers for goods or services	(662,353)
Net cash used by operating activities	(487,027)
Cash flows from non-capital financing activities:	
State grants received	9,324
Federal grants received	543,901
Net cash provided by non-capital financing activities	553,225
Cash flows from investing activities:	
Interfund loan	(10,387)
Interest on investments	299
Net cash used in investing activities	(10,088)
Net increase in cash and cash equivalents	56,110
Cash and cash equivalents at beginning of year	112,063
Cash and cash equivalents at end of year	\$ 168,173
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (579,913)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	69,403
Depreciation	28,914
(Increase) in inventories	(4,333)
Decrease in accounts receivable	18,032
(Decrease) in accounts payable	(5,722)
(Decrease) in deferred revenue	(19,324)
Increase in other post employment benefits payable	5,916
Net cash used by operating activities	\$ (487,027)
<b>Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:</b>	
Current assets:	
Cash	\$ 168,173
Cash and cash equivalents at year end	\$ 168,173

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2011, the District received federal commodities valued at \$69,403.

See notes to financial statements.

Exhibit J

**Oskaloosa Community School District  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2011**

---

	<div>Private Purpose Trust</div> <div>Athletic Endowment</div>
<b>Assets</b>	
Cash and investments	<div>\$1,937</div>
<b>Total assets</b>	<div>1,937</div>
<b>Net assets</b>	<div><div>\$1,937</div></div>

See notes to financial statements.

Exhibit K

**Oskaloosa Community School District**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year ended June 30, 2011**

	Private Purpose Trust
	Athletic Endowment
Additions:	
Local sources:	
Interest on investments	\$ 4
Deductions:	
Instruction:	
Regular	60
Change in net assets	(56)
Net assets beginning of year	1,993
Net assets end of year	\$ 1,937

See notes to financial statements.

(1) **Summary of Significant Accounting Policies**

Oskaloosa Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Oskaloosa, Iowa and the predominate agricultural territory in Mahaska county. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Oskaloosa Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Oskaloosa Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Mahaska County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

Fund accounting - The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The District has the following funds:

**Governmental Fund Types:** Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund: The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

Debt Service Fund: The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

Capital Projects Fund: The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The other governmental funds of the District are considered non-major and are as follows:

Special Revenue Funds: The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

**Proprietary Fund Types:** Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The following enterprise funds of the District are considered non-major:

School Nutrition Fund: This fund accounts for transactions related to the school lunch, breakfast and summer food programs authorized by Iowa Code 283A.

Student Construction Fund: This fund accounts for student construction projects.

**Fiduciary Fund Types:** Fiduciary funds account for assets held by the District in a trustee or agency capacity for the benefit of others and cannot be used to support District activities. The District has the following fiduciary fund type:

Private Purpose Trust Fund: This fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through athletic endowments.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services,

administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.



Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	1,000
Improvements other than buildings	1,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	45 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred and Unearned Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of the succeeding year's property tax receivable and unspent grant proceeds.

Unearned revenue on the Statement of Net Assets consists of unspent grant proceeds as well as the succeeding year's property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

*Restricted* - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

*Committed* – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

*Unassigned* – All amounts not included in other spendable classifications.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, expenditures exceeded the amount budgeted in the other expenditures function.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011, the District had investments as follows:

	<u>Amortized Cost</u>
Goldman Sachs Financial Square Treasury	
Obligations Fund	\$ 524,000
ISJIT Diversified Fund	464,643
United States Treasury Notes	155,442
Total	<u>\$ 1,144,085</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk: The investments in the Iowa Schools Joint Investment Trust and the Goldman Sachs Financial Square Treasury Obligations Fund were all rated Aaa by Moody's Investors Service. The investment in the United States treasury notes is not subject to credit risk rating.

(3) **Interfund Receivables/Payables**

The amounts of interfund receivables and payables are as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue, Management Levy	\$ 38,430
General	Special Revenue, Student Activity Fund	23,160
General	Capital Projects, Physical Plant and Equipment Levy	19,972
General	Enterprise, School Nutrition	25,212
General	Enterprise, Student Construction	86,699
		<u>\$ 193,473</u>

(4) **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects, Statewide Sales, Services and Use Tax	\$ 8,856,186
Debt Service	Capital Projects, Physical Plant and Equipment Levy	552,422
		<u>\$ 9,408,608</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 360,229	-	-	360,229
Total capital assets not being depreciated	360,229	-	-	360,229
Capital assets being depreciated:				
Buildings	35,120,162	-	-	35,120,162
Improvements other than buildings	297,190	-	-	297,190
Furniture and equipment	8,183,639	101,409	-	8,285,048
Total capital assets being depreciated	43,600,991	101,409	-	43,702,400
Less accumulated depreciation for:				
Buildings	8,305,689	604,272	-	8,909,961
Improvements other than buildings	288,792	3,174	-	291,966
Furniture and equipment	6,056,590	517,216	-	6,573,806
Total accumulated depreciation	14,651,071	1,124,662	-	15,775,733
Total capital assets being depreciated, net	28,949,920	(1,023,253)	-	27,926,667
Governmental activities capital assets, net	\$ 29,310,149	(1,023,253)	-	28,286,896
<b>Business type activities:</b>				
Furniture and equipment	\$ 375,334	-	-	375,334
Less accumulated depreciation	197,836	28,914	-	226,750
Business type activities capital assets, net	\$ 177,498	(28,914)	-	148,584

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular

\$ 231,861

Special

71,034

Support services:

Administration

43,898

Operation and maintenance of plant

52,279

Transportation

118,144

517,216

Unallocated depreciation

607,446

Total governmental activities depreciation expense

\$ 1,124,662

Business type activities:

Food services

\$ 28,914

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 208,754	-	117,318	91,436	28,354
Lease purchase agreement	245,516	12,979	249,842	8,653	4,326
Compensated Absences	48,545	56,542	48,545	56,542	56,542
Capital loan notes	1,040,000	205,000	255,000	990,000	320,000
Revenue bonds	9,895,000	5,240,000	8,470,000	6,665,000	2,205,000
Net OPEB liability	54,499	92,084	-	146,583	-
Total	\$ 11,492,314	5,606,605	9,140,705	7,958,214	2,614,222
Business type activities:					
Net OPEB liability	\$ 3,501	5,916	-	9,417	-

Capital Loan Notes

Details of the District's June 30, 2011 general obligation bonded indebtedness are as follows:

Year ending June 30,	Interest Rates	Principal	Interest
2012	3.25%	265,000	25,512
2013	3.25%	275,000	16,900
2014	3.25%	245,000	7,962
Total		\$ 785,000	50,374

Year ending June 30,	Interest Rates	Principal	Interest
2012	1.75%	55,000	5,381
2013	1.75%	55,000	2,625
2014	1.75%	95,000	1,663
Total		\$ 205,000	9,669

Total			
Year ending June 30,	Principal	Interest	Total
2012	320,000	30,893	350,893
2013	330,000	19,525	349,525
2014	340,000	9,625	349,625
Total	\$ 990,000	60,043	1,050,043

**Oskaloosa Community School District**  
**Notes to Financial Statements**  
**June 30, 2011**

Local Option Sales and Services Tax Revenue Bonds

Details of the District's statewide sales, services and us tax revenue bonded indebtedness are as follows:

Issue Dated September 1, 2002 Series 2002A-422B				Issue Dated September 1, 2002 Subordinate Series 2002B-422B		
Year ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2012	4.050%	-	-	4.750	15,000	-
2013	4.050%	-	-	7.875	20,000	-
2014	4.200%	-	-	5.000	20,000	-
2015	4.250%	-	-	5.000	25,000	-
2016	4.375%	10,000	-	5.150	25,000	-
2017	4.500%	15,000	-	5.250	20,000	-
	Subtotal	25,000	-		125,000	-

Issue Dated February 1, 2011 Series 2011			
Year ending June 30,	Interest Rates	Principal	Interest
2012	2.000%	915,000	92,461
2013	2.000%	975,000	82,344
2014	2.000%	1,000,000	62,594
2015	2.000%	1,000,000	42,594
2016	2.000%	1,025,000	22,594
2017	2.000%	325,000	5,234
	Subtotal	5,240,000	307,821

Total			
Year Ending June 30,	Principal	Interest	Total
2012	930,000	92,461	1,022,461
2013	995,000	82,344	1,077,344
2014	1,020,000	62,594	1,082,594
2015	1,025,000	42,594	1,067,594
2016	1,060,000	22,594	1,082,594
2017	360,000	5,234	365,234
	<u>\$ 5,390,000</u>	<u>307,821</u>	<u>5,697,821</u>

School Infrastructure Local Option Sales and Services Tax Revenue Bonds

Details of the District's school infrastructure statewide sales, services and use tax revenue bonded indebtedness are as follows:

Issue Dated August 1, 2003 Subordinate Series 2003C-422E			
Year ending June 30, 2012	Interest Rates	Principal	Interest
	2.65%	\$ 1,275,000	25,374
		<u>\$ 1,275,000</u>	<u>25,374</u>

The statewide sales, services and use tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolutions providing for the issuance of the statewide sales, services and use tax revenue bonds and school infrastructure local option sales and services tax revenue bonds include the following provisions:

- a) \$2,129,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited in the Project Account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Capital Lease

The District entered a capital lease arrangement on January 13, 2010 for the purchase of equipment for the District. The following is a schedule of the future minimum payments required under the lease together with their present value as of June 30, 2011:

Year Ending June 30,	CNH Capital America, LLC Capital Lease	
	2010 Lease	Total
2012	\$ 4,326	4,326
2013	4,327	4,327
Total minimum lease payments	8,653	8,653
Less amount representing interest	287	287
Present value of minimum lease payments	\$ 8,366	8,366

Early Retirement Payable

The District offers a voluntary early retirement plan for its certified employees, administrators, nurses and directors. Eligible employees must be between ages fifty-five and sixty-five and employees must have completed twenty years of continuous service to the District or fifteen years with the District and then may add one half the years of service with another District (to a maximum of five years) to meet the twenty year requirement. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is a flat dollar lump sum payment based upon the years of service the employee had as of the retirement year. The early retiree will also be eligible for monthly insurance premium benefits up to a maximum \$150 per month. This benefit will be discontinued when the retirees have been retired for nine years, if the retiree becomes eligible for Medicare, or when the retiree reaches age 65, whichever occurs first. Early retirement benefits paid during the year ended June 30, 2011, totaled \$117,318.

**(7) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$921,786, \$883,781, and \$863,243, respectively, equal to the required contributions for each year.

**(8) Other Post-Employment Benefits (OPEB)**

Plan Description - The District operates a retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 261 active and 23 retired members in the plan. Participants must be age 55 or older at retirement and must have been employed full time by the District for a minimum of 20 years.

The medical/prescription drug coverage is provided through a self-funded insurance program administered by a third party administrator. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 211,000
Interest on net OPEB obligation	3,000
Adjustment to annual required contribution	(2,000)
Annual OPEB cost	212,000
Contributions made	(114,000)
Increase in net OPEB obligation	98,000
Net OPEB obligation beginning of year	58,000
Net OPEB obligation end of year	\$ 156,000

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2011, the District contributed \$114,000. Retiree and active members receiving benefits contributed \$180,000 through their required contributions, depending on which of the three plans offered by the District the employee participated in.



The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 157,000	81.53%	\$ 58,000
June 30, 2011	\$ 212,000	53.77%	\$ 156,000

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$1,563,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,563,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$13,496,428, and the ratio of the UAAL to covered payroll was 11.6%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2009 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2009.

Projected claim costs of the medical plan are \$782 per month for retirees who have attained the age of 60. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

#### (9) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### (10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$984,199 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(11) Accounting Change/Restatement**

Beginning net assets were decreased by \$12,979 due to the inadvertent omission of a capital lease obligation.

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Capital Projects	Special Revenue, Physical Plant and Equipment Levy
Balances June 30, 2010, as previously reported	\$ 3,281,180	193,119
Change in fund type classification per implementation of GASB Statement No. 54	193,119	(193,119)
Balances July 1, 2010, as restated	<u>\$ 3,474,299</u>	<u>-</u>

**(12) Financial Condition**

The Non-major Special Revenue Fund-Management Levy, the Capital Projects Fund – Physical Plant and Equipment Levy, and Enterprise Fund-Student Construction had deficit fund balances at June 30, 2011 of \$46,495, \$53,151 and \$87,291 respectively. In addition, the Special Revenue Fund-Activity Fund had several individual account deficit balances.

### **Required Supplementary Information**

**Oskaloosa Community School District**  
**Schedule of Funding Progress for the Retiree Health Plan**  
**Required Supplementary Information**

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	\$ -	\$ 1,461,000	\$ 1,461,000	0.0%	\$ 13,791,666	10.6%
2010	July 1, 2008	\$ -	\$ 1,461,000	\$ 1,461,000	0.0%	\$ 13,397,116	10.9%
2011	July 1, 2010	\$ -	\$ 1,563,000	\$ 1,563,000	0.0%	\$ 13,496,428	11.6%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

**Oskaloosa Community School District**  
**Budgetary Comparison Schedule of Revenues, Expenditures, and Changes in Balances**  
**Budget and Actual - All Governmental Funds and Proprietary Funds**  
**Required Supplementary Information**  
**Year ended June 30, 2011**

	Governmental Funds - Actual	Proprietary Funds - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 13,951,872	600,005	14,551,877	14,793,881	14,793,881	(242,004)
State sources	13,419,220	9,324	13,428,544	14,529,954	14,529,954	(1,101,410)
Federal sources	1,520,040	613,304	2,133,344	1,413,540	1,413,540	719,804
Total revenues	28,891,132	1,222,633	30,113,765	30,737,375	30,737,375	(623,610)
Expenditures:						
Instruction	15,484,962	126,969	15,611,931	16,769,089	16,769,089	1,157,158
Support services	7,813,470	41,810	7,855,280	7,590,300	7,990,300	135,020
Noninstructional programs	-	1,010,840	1,010,840	1,061,010	1,061,010	50,170
Other expenditures	10,711,488	-	10,711,488	4,974,964	10,474,964	(236,524)
Total expenditures	34,009,920	1,179,619	35,189,539	30,395,363	36,295,363	1,105,824
Excess (deficiency) of revenues over (under) expenditures	(5,118,788)	43,014	(5,075,774)	342,012	(5,557,988)	482,214
Other financing sources, net	5,480,433	-	5,480,433	3,500	3,500	5,476,933
Excess (deficiency) of revenues and other financing sources over (under) expenditures	361,645	43,014	404,659	345,512	(5,554,488)	5,959,147
Balances beginning of year	3,308,878	154,772	3,463,650	3,525,860	3,525,860	(62,210)
Balances end of year	\$ 3,670,523	197,786	3,868,309	3,871,372	(2,028,628)	5,896,937

See accompanying independent auditor's report.

**Oskaloosa Community School District**  
**Notes To Required Supplementary Information - Budgetary Reporting**  
**Year Ended June 30, 2011**

---

This budgetary comparison is presented as Required Supplementary Information in accordance with *Governmental Accounting Standard* Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$5,900,000.

During the year ended June 30, 2011, expenditures exceeded the amount budgeted in the other expenditures function.

## **Other Supplementary Information**

## Schedule 1

**Oskaloosa Community School District**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2011**

		Special Revenue		
		Management Levy	Student Activity	Total
<b>Assets</b>				
Cash and pooled investments	\$	17,717	444,642	462,359
Receivables:				
Property tax:				
Delinquent		2,572	-	2,572
Succeeding year		450,000	-	450,000
<b>Total assets</b>	<b>\$</b>	<b>470,289</b>	<b>444,642</b>	<b>914,931</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$	-	11,961	11,961
Early retirement payable		28,354	-	28,354
Due to other funds		38,430	23,160	61,590
Deferred revenue:				
Succeeding year property tax		450,000	-	450,000
Total liabilities		516,784	35,121	551,905
Fund balances:				
Restricted for:				
Management levy purposes		-	-	-
Student activities		-	409,521	409,521
Unassigned		(46,495)	-	(46,495)
Total fund balances		(46,495)	409,521	363,026
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>470,289</b>	<b>444,642</b>	<b>914,931</b>

See accompanying independent auditor's report.



## Schedule 2

**Oskaloosa Community School District**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Year ended June 30, 2011**

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 300,637	-	300,637
Other	27,686	561,572	589,258
State sources	166	-	166
Total revenues	328,489	561,572	890,061
Expenditures:			
Current:			
Instruction:			
Regular	124,573	-	124,573
Other	-	543,626	543,626
Support Services:			
Student	7,546	-	7,546
Instructional staff	1,320	-	1,320
Administration	11,323	-	11,323
Operation and maintenance of plant	112,716	-	112,716
Transportation	22,838	-	22,838
Total expenditures	280,316	543,626	823,942
Excess (deficiency) of revenues over (under) expenditures	48,173	17,946	66,119
Fund balance beginning of year, as restated	(94,668)	391,575	296,907
Fund balance end of year	\$ (46,495)	409,521	363,026

See accompanying independent auditor's report.

## Schedule 3

**Oskaloosa Community School District**  
**Combining Balance Sheet**  
**Capital Project Accounts**  
**June 30, 2011**

		Capital Projects		
		Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>				
Cash and pooled investments		\$ 2,151,930	-	2,151,930
Receivables:				
Property tax:				
Current year delinquent		-	4,523	4,523
Succeeding year		-	548,339	548,339
Due from other governments		478,175	-	478,175
<b>Total assets</b>		<b>\$ 2,630,105</b>	<b>552,862</b>	<b>3,182,967</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Excess of warrants over bank balance		\$ -	6,616	6,616
Accounts payable		-	31,086	31,086
Due to other funds		-	19,972	19,972
Deferred revenue:				
Succeeding year property tax		-	548,339	548,339
Total liabilities		-	606,013	606,013
Fund balances:				
Restricted for:				
Debt service		1,144,085	-	1,144,085
School infrastructure		1,486,020	-	1,486,020
Physical plant and equipment		-	-	-
Unassigned		-	(53,151)	(53,151)
Total fund balances		2,630,105	(53,151)	2,576,954
<b>Total liabilities and fund balances</b>		<b>\$ 2,630,105</b>	<b>552,862</b>	<b>3,182,967</b>

See accompanying independent auditor's report.

## Schedule 4

**Oskaloosa Community School District****Combining Schedule of Revenues, Expenditures and Changes in Fund Balances****Capital Project Accounts****Year ended June 30, 2011**

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 3,019,998	530,051	3,550,049
Other	8,107	5,666	13,773
State sources	-	294	294
Total revenues	3,028,105	536,011	3,564,116
Expenditures:			
Current:			
Support Services:			
Administration	90,743	9,078	99,821
Operation and maintenance of plant	-	13,600	13,600
Transportation	-	93,500	93,500
Other expenditures:			
Facilities acquisition	-	318,681	318,681
Total expenditures	90,743	434,859	525,602
Excess (deficiency) of revenues over (under) expenditures	2,937,362	101,152	3,038,514
Other financing sources (uses):			
Revenue bonds issued	5,240,000	-	5,240,000
Bond premium	27,749	-	27,749
Capital loan proceeds	-	205,000	205,000
Operating transfers out	(8,856,186)	(552,422)	(9,408,608)
Total other financing sources (uses)	(3,588,437)	(347,422)	(3,935,859)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(651,075)	(246,270)	(897,345)
Fund balances beginning of year, as restated	3,281,180	193,119	3,474,299
Fund balances end of year	\$ 2,630,105	(53,151)	2,576,954

See accompanying independent auditor's report.

## Schedule 5

**Oskaloosa Community School District**  
**Schedule of Changes in Special Revenue Fund, Student Activity Accounts**  
**Year ended June 30, 2011**

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Fund Balance-Reg Not Spent	\$ -	-	-	1,214	1,214
Senior High Drama	6,007	2,420	2,281	-	6,146
Debate	3	195	120	-	78
Senior High Vocal Spec Events	1,415	4,178	3,209	-	2,384
Senior High Band Spec Events	1,342	13,666	17,732	-	(2,724)
Special Girls Track	2,123	4,216	4,017	-	2,322
Senior High Cross Country	4,522	4,779	4,406	-	4,895
Dance and Drill	190	4,448	4,135	-	503
Boys Basketball	8,729	22,655	16,142	-	15,242
Football	22,920	54,386	36,433	-	40,873
Boys Soccer	3,983	5,010	5,898	-	3,095
Special Boys Soccer	534	-	-	-	534
Baseball	6,703	5,966	9,498	-	3,171
Boys Track	2,669	749	1,681	-	1,737
Boys Tennis	2,396	1,565	2,401	-	1,560
Special Boys Tennis	(771)	230	230	-	(771)
Boys Golf	2,461	530	2,557	-	434
Special Boys Golf	163	280	55	-	388
Wrestling	8,621	5,110	5,810	-	7,921
Girls Basketball	9,229	14,023	11,998	-	11,254
Girls Volleyball	6,666	9,356	17,421	-	(1,399)
Girls Soccer	2,086	1,072	2,035	-	1,123
Special Girls Soccer	2,145	368	-	-	2,513
Girls Softball	12,050	10,019	10,483	-	11,586
Girls Track	2,974	1,256	1,900	-	2,330
Girls Tennis	2,706	980	1,914	-	1,772
Special Girls Tennis	865	1,749	1,749	-	865
Girls Golf	2,440	441	861	-	2,020
Special Girls Golf	394	618	394	-	618
Senior High Annual	4,885	13,609	11,142	-	7,352
Junior High Activity Tickets	2,010	3,160	3,200	-	1,970
Senior High Thespians	302	2,873	3,086	-	89
Senior High Pep Club	1,180	12,381	11,348	-	2,213
Special Football	4,892	21,758	24,196	-	2,454
Senior High Student Council	1,586	28,512	26,148	-	3,950
Senior High Business Ed Part	12	-	-	-	12
Senior High Special Baseball	948	11,058	10,681	-	1,325
Oskaloosa Football Camp	1,208	5,403	5,042	-	1,569
Senior High Special Wrestling	3,276	6,330	2,922	-	6,684
Pepsi Rebate	5,070	-	550	-	4,520
Middle School Orchestra	2,327	1,014	973	-	2,368
Senior High Athletics	3,963	10,786	1,422	-	13,327
Senior High Band Repair Spec Events	(43)	-	1,868	-	(1,911)
Senior High Orchestra Repair	10,772	6,614	12,906	-	4,480
Senior High FFA	14,535	31,148	31,827	-	13,856
Senior High Forensics	596	-	-	-	596
Joe Gray Penmanship Award	441	-	-	-	441

## Schedule 5

**Oskaloosa Community School District**  
**Schedule of Changes in Special Revenue Fund, Student Activity Accounts**  
**Year ended June 30, 2011**

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Senior High The O	186	-	-	-	186
Senior High O Club	6,746	59,681	43,092	(1,214)	22,121
Sophomore Class	2,060	520	107	-	2,473
Junior Class	3,384	550	1,034	-	2,900
Senior Class	2,125	1,918	943	-	3,100
Storybook Players	3,487	2,186	924	-	4,749
Senior High World of Work	(503)	-	540	-	(1,043)
Senior High Project Write	965	-	-	-	965
Senior High Special Track	2,577	1,935	3,521	-	991
Senior High Work Program	13	-	-	-	13
Business M.O.C.	(261)	-	653	-	(914)
Senior High Spec Girls Basketball	1,748	3,313	3,217	-	1,844
Special Softball	7,853	8,633	7,450	-	9,036
Senior High Volleyball Camp	5,509	16,454	14,734	-	7,229
Senior High Choir Robes	133	-	-	-	133
Middle School Spec Activity Fund Raiser	14,355	18,323	24,304	-	8,374
Biology Lab	(111)	-	54	-	(165)
Chemistry Lab	-	-	132	-	(132)
S H Welding	(910)	-	504	-	(1,414)
Biology Field Trips	24	-	-	-	24
Special Events Change	(438)	1,100	1,100	-	(438)
Interest	27,737	2,650	8,559	-	21,828
Elementary Band	734	584	478	-	840
Middle School Science	106	-	-	-	106
Middle School Band Special Event	8,405	3,132	6,820	-	4,717
Middle School Band Uniforms	3,891	4,327	6,402	-	1,816
Middle School Annual	193	-	-	-	193
Senior High Activity Tickets	3,560	8,550	9,100	-	3,010
Senior High General Adm	28,111	22,467	24,661	-	25,917
Middle School Athletics	4,637	12,232	13,298	-	3,571
Middle School Student Council	5,589	3,710	1,536	-	7,763
Middle School Pep Club	2,551	-	-	-	2,551
Middle School Vocal Special Events	1,637	507	331	-	1,813
Middle School Orchestra Special Events	1,005	3,024	3,727	-	302
Middle School Special Events Band Repair	110	-	-	-	110
Senior High Home Fees	1,849	-	1,230	-	619
Athletic Adm Senior High	2,647	-	2,133	-	514
Athletic Pop Fund	16,687	13,078	11,154	-	18,611
Senior High Snack Machines	1,535	3,032	(1)	-	4,568
Senior High Pop Fund	7,367	4,319	6,998	-	4,688
Industrial Tech Module	87	-	-	-	87
Band Special Fund Raiser	1,890	200	1,584	-	506
OHS Store	825	-	-	-	825
Student Council Sign	184	656	-	-	840
Middle School Peer Helpers	89	5,384	5,082	-	391
Senior High At Risk	2,028	-	3,666	-	(1,638)
FFA Vending	5,207	2,599	2,937	-	4,869
Freshman Class	1,892	588	-	-	2,480
Motivation Comm	288	-	-	-	288
Robot Club	-	2,900	1,675	-	1,225

## Schedule 5

**Oskaloosa Community School District**  
**Schedule of Changes in Special Revenue Fund, Student Activity Accounts**  
**Year ended June 30, 2011**

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Book Club	-	865	568	-	297
Middle School Drama	2,562	1,079	2,449	-	1,192
MS Special Wrestling FB	318	1,967	1,173	-	1,112
Elementary	22,288	11,466	5,701	-	28,053
Math Scholarship	105	-	-	-	105
Middle School Life Skills MD Special Olympics	929	-	-	-	929
HS Life Skills	61	-	-	-	61
Life Skills MD Secondary	240	-	-	-	240
MS Special Supplies	1,703	1,000	706	-	1,997
MS Student Wellness	-	1,627	915	-	712
Middle School General Adm	7,606	10,078	2,838	-	14,846
Middle School At Risk Fund Raiser	(122)	-	-	-	(122)
Senior High Special Education	(647)	-	-	-	(647)
Dropout Prevention/Oasis Fund	326	-	1	-	325
Milk Grant Athletics	2,898	27	2,925	-	-
	<u>\$ 391,575</u>	<u>561,572</u>	<u>543,626</u>	<u>-</u>	<u>409,521</u>

See accompanying independent auditor's report.

## Schedule 6

**Oskaloosa Community School District**  
**Combining Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	Student Construction	School Nutrition	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ -	168,173	168,173
Accounts receivable	-	252	252
Inventories	-	14,050	14,050
Capital assets, net of depreciation	-	148,584	148,584
<b>Total assets</b>	<b>\$ -</b>	<b>331,059</b>	<b>331,059</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 592	235	827
Due to other funds	86,699	25,212	111,911
Unearned revenue	-	11,118	11,118
<b>Total current liabilities</b>	<b>87,291</b>	<b>36,565</b>	<b>123,856</b>
Noncurrent liabilities:			
Net OPEB liability	-	9,417	9,417
<b>Total liabilities</b>	<b>87,291</b>	<b>45,982</b>	<b>133,273</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	-	148,584	148,584
Unrestricted	(87,291)	136,493	49,202
<b>Total net assets</b>	<b>\$ (87,291)</b>	<b>285,077</b>	<b>197,786</b>

See accompanying independent auditor's report.

## Schedule 7

**Oskaloosa Community School District**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**Year ended June 30, 2011**

	Student Construction	School Nutrition	Total
Operating revenue:			
Local sources:			
Other local sources:			
Sale of lunches and breakfasts	\$ -	434,781	434,781
Sale of services	164,925	-	164,925
Total operating revenue	164,925	434,781	599,706
Operating expenses:			
Instructional programs:			
Regular	126,969	-	126,969
Support services:			
Administration	1,157	3,204	4,361
Operation and maintenance of plant	17,449	20,000	37,449
	145,575	23,204	168,779
Non-instructional programs:			
Food services operations:			
Salaries	-	296,234	296,234
Benefits	-	132,770	132,770
Purchased services	-	668	668
Supplies	-	552,254	552,254
Depreciation	-	28,914	28,914
	-	1,010,840	1,010,840
Total operating expenses	145,575	1,034,044	1,179,619
Operating gain (loss)	19,350	(599,263)	(579,913)
Non-operating revenue:			
Local sources	-	299	299
State sources	-	9,324	9,324
Federal sources	-	613,304	613,304
Total non-operating revenue	-	622,927	622,927
Changes in net assets	19,350	23,664	43,014
Net assets beginning of year	(106,641)	261,413	154,772
Net assets end of year	\$ (87,291)	285,077	197,786

See accompanying independent auditor's report.



## Schedule 8

**Oskaloosa Community School District**  
**Combining Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2011**

	Student Construction	School Nutrition	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ -	433,489	433,489
Cash received from miscellaneous operating activities	164,925	-	164,925
Cash payments to employees for services	-	(423,088)	(423,088)
Cash payments to suppliers for goods or services	(150,184)	(512,169)	(662,353)
Net cash provided (used) by operating activities	14,741	(501,768)	(487,027)
Cash flows from non-capital financing activities:			
State grants received	-	9,324	9,324
Federal grants received	-	543,901	543,901
Net cash provided (used) by non-capital financing activities	-	553,225	553,225
Cash flows from investing activities:			
Interfund loan	(14,741)	4,354	(10,387)
Interest on investments	-	299	299
Net cash provided (used) by investing activities	(14,741)	4,653	(10,088)
Net increase (decrease) in cash and cash equivalents	-	56,110	56,110
Cash and cash equivalents at beginning of year	-	112,063	112,063
Cash and cash equivalents at end of year	\$ -	168,173	168,173
Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:			
Operating gain (loss)	\$ 19,350	(599,263)	(579,913)
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:			
Commodities used	-	69,403	69,403
Depreciation	-	28,914	28,914
(Increase) in inventories	-	(4,333)	(4,333)
Decrease in accounts receivable	-	18,032	18,032
Increase (decrease) in accounts payable	(4,609)	(1,113)	(5,722)
(Decrease) in deferred revenue	-	(19,324)	(19,324)
Increase in other post-employment benefits	-	5,916	5,916
Net cash provided (used) by operating activities	\$ 14,741	(501,768)	(487,027)

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2011, the District received federal commodities valued at \$69,403.

See accompanying independent auditor's report.

**Oskaloosa Community School District**  
**Schedule of Revenues by Source and Expenditures by Function**  
**All Governmental Funds**  
**For the Last Ten Years**

	Modified Accrual Basis									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:										
Local sources:										
Local tax	\$ 12,178,226	11,257,608	10,853,152	10,473,002	9,717,780	10,112,437	10,042,855	9,465,204	8,385,368	6,465,860
Tuition	455,341	367,093	464,849	430,670	370,602	299,511	326,404	444,713	283,540	279,779
Other	1,318,305	991,521	1,281,207	1,333,958	1,333,909	1,748,735	1,130,049	1,041,230	960,806	1,011,201
Intermediate sources	-	-	-	-	-	-	-	-	33,700	4,015
State sources	13,419,220	11,402,099	12,724,222	12,570,040	11,330,164	10,877,949	10,495,514	10,315,329	11,309,707	10,346,601
Federal sources	1,520,040	2,167,416	923,057	676,239	721,238	828,890	861,630	925,182	636,812	959,834
Total	\$ 28,891,132	26,185,737	26,246,487	25,483,909	23,473,693	23,867,522	22,856,452	22,191,658	21,609,933	19,067,290
Expenditures:										
Instruction:										
Regular	\$ 10,961,840	8,903,708	11,152,143	10,384,722	9,868,246	8,628,916	8,383,117	8,208,263	8,109,955	8,199,175
Special	3,563,746	2,997,637	3,406,674	3,388,218	3,020,880	2,563,071	2,565,959	2,493,156	2,123,023	2,078,513
Other	959,376	3,068,217	940,267	940,488	1,124,062	2,042,558	1,466,170	1,554,908	1,538,660	1,477,561
Support services:										
Student	994,417	968,129	724,780	1,066,298	1,054,735	1,057,412	969,415	950,767	914,028	854,094
Instructional staff	910,597	708,946	638,459	1,665,423	709,316	705,920	766,037	450,061	441,450	492,378
Administration	2,151,082	2,322,729	1,920,698	2,045,547	1,884,408	1,928,898	1,589,518	1,454,979	1,536,750	1,501,823
Operation and maintenance of plant	2,656,109	2,359,739	2,315,972	2,390,151	2,357,837	2,398,119	1,900,009	1,720,436	1,586,826	1,554,724
Transportation	1,101,265	1,222,923	1,108,991	862,566	866,161	873,562	658,792	566,650	511,112	600,102
Central support	-	-	-	-	-	-	-	125,895	91,032	-
Other expenditures:										
Facilities acquisition	318,681	227,063	320,261	365,915	183,391	1,371,806	6,316,892	14,323,925	7,653,437	1,189,916
Long-term debt:										
Principal	8,974,842	4,920,000	3,955,112	5,295,000	1,795,000	1,615,000	1,315,000	670,000	-	-
Interest and other charges	433,766	522,988	741,553	775,626	795,514	925,121	854,809	611,723	200,904	-
AEA flowthrough	984,199	954,301	857,815	808,080	751,761	709,649	694,480	703,926	744,979	746,909
Total	\$ 34,009,920	29,176,380	28,082,725	29,988,034	24,411,311	24,820,032	27,480,198	33,834,689	25,452,156	18,695,195

See accompanying independent auditor's report.

**Oskaloosa Community School District**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2011**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 11	\$ 99,338
National School Lunch Program	10.555	FY 11	513,966 *
			<u>613,304</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY 11	425,171
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY 11	150,299
			<u>575,470</u>
Career and Technical Education - Basic Grants to States	84.048	FY 11	<u>32,502</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 11	<u>2,510</u>
Advanced Placement Program	84.330	FY11	<u>57</u>
Improving Teacher Quality State Grants	84.367	FY 11	<u>124,419</u>
Grants for State Assessments and Related Activities	84.369	FY 11	<u>15,581</u>
ARRA - Education of Homeless Children and Youth, Recovery Act	84.387	FY 11	<u>10,085</u>
State Fiscal Stabilization Fund Cluster:			
ARRA - State Fiscal Stabilization Fund (SFSF)- Education State Grants, Recovery Act	84.394	FY 11	127,686
ARRA - State Fiscal Stabilization Fund (SFSF) Government Services, Recovery Act	84.397	FY11	113,890
			<u>241,576</u>
Education Jobs Fund	84.410	FY11	<u>171,152</u>
Area Education Agency (AEA 11):			
Special Education Cluster:			
Special Education - Grants to States	84.027	FY 11	139,283
ARRA - Special Education - Grants to States - Recovery Act	84.391	FY 11	100,504
			<u>239,787</u>
Total			<u>\$ 2,026,443</u>

\* Includes \$69,403 of non-cash awards.

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Oskaloosa Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

**OSKALOOSA COMMUNITY SCHOOL DISTRICT**

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Board of Education of  
Oskaloosa Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Oskaloosa Community School District, Oskaloosa, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 27, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Oskaloosa Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oskaloosa Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Oskaloosa Community School District's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Oskaloosa Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Oskaloosa Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Oskaloosa Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Oskaloosa Community School District and other parties to whom Oskaloosa Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Oskaloosa Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Van Maanen, Sietstra & Meyer, PC*

Van Maanen, Sietstra & Meyer, PC  
Certified Public Accountants

March 27, 2012



**Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

To the Board of Education of Oskaloosa Community School District:

**Compliance**

We have audited Oskaloosa Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Oskaloosa Community School District's major federal programs for the year ended June 30, 2011. Oskaloosa Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Oskaloosa Community School District's management. Our responsibility is to express an opinion on Oskaloosa Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oskaloosa Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Oskaloosa Community School District's compliance with those requirements.

In our opinion, Oskaloosa Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

**Internal Control Over Compliance**

The management of Oskaloosa Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Oskaloosa Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oskaloosa Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Oskaloosa Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Oskaloosa Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Oskaloosa Community School District and other parties to whom Oskaloosa Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Van Maanen, Sietstra & Meyer, PC*

Van Maanen, Sietstra & Meyer, PC  
Certified Public Accountants

March 27, 2012



**Part I: Summary of the Independent Auditor's Results:**

- (a) Unqualified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) Major programs were as follows:
  - Clustered programs:
    - CFDA Number 10.553 – School Breakfast Program
    - CFDA Number 10.555 – National School Lunch Program
  - Clustered programs:
    - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
    - CFDA Number 84.389 – ARRA – Title I Grants to Local Educational Agencies, Recovery Act
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Oskaloosa Community School District qualified as a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES**

No matters were noted.

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES**

No matters were noted.

**Part IV: Other Findings Related to Statutory Reporting:**

- IV-A-11 Certified Budget – Expenditures for the year ended June 30, 2011, exceeded the amended certified budget amount in the other expenditures function.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

- IV-B-11 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

- IV-C-11 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- IV-D-11 Business Transactions – No business transactions between the District and District officials or employees were noted.

- IV-E-11 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

- IV-F-11 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.

- IV-G-11 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

- IV-H-11 Supplementary Weighting – No variance regarding the supplementary weighting certified of the Iowa Department of Education were noted.

- IV-I-11 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

- IV-J-11 Certified Annual Report - The Certified Annual Report was not properly certified to the Iowa Department of Education by September 15, 2011.

Recommendation – In the future, the District should ensure the Certified Annual Report is certified timely to the Iowa Department of Education.

Response – The District will attempt to certify the Certified Annual Report in a timely manner in the future.

Conclusion - Response accepted.

- IV-K-11 Deficit Balances - The Special Revenue Fund-Management Levy, Capital Projects Fund – Physical Plant and Equipment Levy, and the Enterprise Fund-Student Construction had deficit balances as of June 30, 2011. The Special Revenue Fund-Student Activity had several deficit amounts as of June 30, 2011.

Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate these deficits.

Response - We are monitoring these situations. We are currently analyzing alternatives to reverse these deficit balances. We must also note that the overall fund balance in the Student Activity Fund is positive.

Conclusion - Response accepted.

**Oskaloosa Community School District**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2011**

---

IV-L-11 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-M-11 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	3,281,180
Revenues/transfers in:			
Sales tax revenues	\$	3,019,998	
Other local revenues		8,107	
Sale of long-term debt		5,267,749	8,295,854
			<u>11,577,034</u>
Expenditures/transfers out:			
Other	\$	90,743	
Transfers to other funds:			
Debt service funds		8,856,186	8,946,929
			<u>8,946,929</u>
Ending balance		\$	<u>2,630,105</u>

For the year ended June 30, 2011, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation		Property Tax Dollars Reduced
Debt service levy	\$	5.77927	3,019,998